

I had the good fortune to be appointed in 1992 by Majority Leader Mitchell to be a member of the Select Committee on MIA/POW. The committee was chaired by JOHN KERRY, and it was a wonderful experience for a number of reasons, not the least of which was to watch Senator KERRY because I really, frankly, didn't know him very well. I had been in the Senate for a few years, but when you work here, sometimes you don't really understand how good people are until you work with them on a really close-knit basis, as I did with him because of that appointment.

He did a magnificent job of chairing that committee. Of course, he had some standing to look at what went on in Vietnam since he was wounded three times and had a number of Silver Stars for his heroism in Vietnam. But legislatively that was a great experience for that year, to look to see what had happened in Southeast Asia all over, not only Vietnam, Laos, and Cambodia, but people who had been taken prisoner of war and certainly, if not, were missing in action. It was a good experience for me, and I will always remember that. So this day, National POW/MIA Recognition Day, recalls those memories of many years ago of the hearings we held and the evidence we gathered to make a decision as to what really took place there.

More than 83,000 Americans are missing from World War II, Korea, the Cold War, Vietnam, and, of course, the gulf war. There are also soldiers, sailors, and marines reported missing from our wars in Afghanistan and Iraq that are going on right now. We should not and we will not rest until we have accounted for every missing American serviceperson who has fought to protect the freedoms we enjoy as Americans. Although they are missing, they are not forgotten.

It is difficult to comprehend the suffering of families who have lost loved ones. I am hopeful and somewhat confident that it is a comfort to them today to know we give thanks and praise for their dedication to the ideals upon which this Nation was founded. That is why today we commemorate the sacrifices made by those families as well as the soldiers they loved.

I also give thanks for the brave men and women who wear the uniforms of the U.S. armed services today, including more than 2,000 Nevadans currently deployed around the world—not in the service but Nevadans deployed around the world. Anything worth having, of course, is worth defending, and our freedom is one of the most precious.

So today we thank those volunteers who have placed themselves in harm's way to protect this great country. Many of them have paid the ultimate price for our liberty. So today and every day they have the thanks of a grateful Nation, but especially today, for their faithful and selfless service to their country.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. LEVIN. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will be in a period of morning business, with Senators permitted to speak therein for up to 10 minutes each.

DEFICIT REDUCTION

Mr. LEVIN. Mr. President, yesterday I spoke on the floor about the need to restore revenue as part of our deficit reduction efforts. I explained that I have sent a letter to the members of the Joint Select Committee, now crafting a deficit reduction plan, with seven ideas on how to address our revenue shortfall in ways that reduce the deficit, protect economic growth, and ensure that the sacrifices which are necessary to achieve our budget goals are shared broadly among the American people. Together, these proposals would reduce deficits on the order of \$1 trillion over 10 years.

Today I want to go into greater detail on two of those ideas to address loopholes and tax breaks that are as damaging to our budget as they are unfair to working families. One proposal would stop corporations and individuals from using offshore tax gimmicks to dodge the taxes they owe. The other proposal would close a loophole that gives corporations a huge tax break when they award stock options to their executives, effectively using the hard-earned tax dollars of American families to subsidize the paychecks of CEOs and other top executives.

Let's begin with the goal here, deficit reduction. Budget experts tell us we cannot close our budget gap with spending cuts alone. Revenue must play a role. These two proposals can help. The Permanent Subcommittee on Investigations, which I chair, has estimated that the use of offshore tax havens by wealthy U.S. taxpayers costs our Treasury around \$100 billion a year. I believe the legislation to address that issue can recover a significant portion of that loss. The Joint Committee on Taxation estimated that a previous version of the legislation would recover nearly \$30 billion over 10 years, but new provisions that we have included should raise that figure sig-

nificantly. Closing the stock option loophole would save \$25 billion over 10 years, according to the Joint Committee on Taxation. This revenue would help the Joint Committee in its difficult task of achieving at least \$1.2 trillion in deficit reduction and it would help restore fairness to the Tax Code without penalizing activities that contribute to economic growth or raising taxes on middle-income Americans.

Our work on the Permanent Subcommittee on Investigations has, for more than a decade, exposed the ugly truths of tax haven abuse. A single building in the Cayman Islands called the Ugland House serves as the mail drop for nearly 19,000 companies incorporated there for tax-dodging purposes. Of the 100 largest publicly traded corporations in America, 83 have subsidiaries in tax havens. Hedge funds, whose employees live right here in the United States, pretend to be based in tax havens to dodge U.S. taxes. An army of lawyers, bankers, and accountants helps U.S. taxpayers use offshore abuses to avoid taxes. All of this shifts the tax burden of these tax dodgers onto the backs of honest taxpayers.

Yesterday, the Internal Revenue Service announced that they have recently completed an offshore program where they give a degree of amnesty to people who are willing to come in and pay their taxes. Thirty thousand such people have come in since 2009, and that is the tip of the iceberg, as our Permanent Subcommittee on Investigations disclosed.

How do we combat this? Several colleagues and I have introduced legislation called the "Stop Tax Haven Abuse Act," S. 1346. Our bill will authorize the Treasury Secretary to take special measures against foreign jurisdictions or foreign financial institutions that impede U.S. tax enforcement by prohibiting U.S. financial institutions from doing business with those foreign financial institutions in uncooperative jurisdictions. It will help the IRS identify ownership and control of offshore entities. It would stop corporations whose management and control are located primarily in the United States from claiming foreign status to dodge taxes. It would prevent businesses from dodging taxes by claiming that assets physically held in the United States should be treated as offshore assets for tax purposes. And it would treat derivatives payments sent from the United States to offshore entities as taxable income. Enacting this legislation and ending these offshore abuses would penalize tax dodging, not legitimate economic activity, and it will help to bring down the deficit.

Similarly, closing the stock option loophole would not penalize productive economic activity. It would, instead, end an unaffordable Federal subsidy for corporate executive pay. Today, under tax rules for reporting stock options, corporations report stock option expenses on their books when those stock options are granted, but they use another method to claim a different—and

usually a much higher—expense on their tax returns when the stock options are exercised. The result is that corporations can usually claim far larger tax deductions for stock options pay on their tax returns than the actual expense they show on their books for those same options. They get a much bigger tax deduction for exactly the same tax option expense as they show on their books. Stock options are the only type of compensation for which the Tax Code allows a corporation to deduct as an expense for tax purposes more than what they show on their books for that same expense. IRS data shows that from 2005 to 2009, this loophole allowed companies to claim between \$11 billion and \$52 billion each year in excess tax deductions.

Legislation I have introduced with Senator SHERROD BROWN and Senator MCCASKILL would end these excess deductions by requiring corporate stock option tax deductions to equal the stock option expense shown on the corporate books for those same options. It would not affect the taxes paid by individuals who receive the stock options—their taxes would not be affected, as now they pay for the actual sales price minus their cost. It would not affect so-called incentive stock options, often used by startup companies. It would make stock option pay subject to the same \$1 million cap on corporate tax deductions that applies to other forms of executive pay. These proposals alone will put a major dent in the deficit. They would ensure that multinational corporations and wealthy individuals pay the taxes they owe, just like working Americans. If we are to seriously reduce the deficit, these kinds of tax reforms and the resulting added tax revenues must be part of the discussion. I urge my colleagues, especially those on the Joint Select Committee, to embrace these ideas.

Again, I sent a letter yesterday to the members of the joint committee, all the members, laying out these seven ideas which together will raise over \$1 trillion in 10 years.

I am going to return to the floor in the days ahead to discuss additional reforms, with the resulting revenues, that were set out in my letter to the Joint Select Committee. These changes, these reforms, this loophole closing, will help to close the gap between spending and revenues that all of us I know want to close.

I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. WYDEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

TAX REFORM

Mr. WYDEN. Mr. President, I am going to take just a little time this morning to make some remarks with respect to the issue of tax reform and particularly try to lay out why the naysayers, those who say tax reform is not going to make any difference anytime soon or there has not been a lot of groundwork laid—those are the two major arguments they are making—I am going to try to lay out why those arguments are wrong.

To start with, they reflect a misunderstanding about markets, about free enterprise and about what drives the American economy. One of the major reasons consumers are not spending and businesses are not hiring workers is uncertainty about taxes. Enacting fundamental tax reform that encourages the use of free enterprise and markets would start changing consumers' behavior very quickly and business would be in a position in West Virginia and Oregon and everywhere else to start making judgments with respect to investment.

They cannot make judgments right now when we have these piecemeal tax changes that might last 1 year or even less. That is not the way the American economy works. Businesses in West Virginia and Oregon are thinking about investments that can last 5, 10 years and even longer and they need some certainty. I am going to spend some time talking about permanent tax reform, enacted early next year, and making a start at it with our supercommittee. We have the good fortune of having Chairman BAUCUS on it. I serve on the Finance Committee with him. Chairman DAVE CAMP, chairman of the House Ways and Means Committee is also on it. What I feel very strongly about—as does the cosponsor of the tax reform legislation I have offered, Senator COATS—is they can make a good start on tax reform in the supercommittee and I am going to outline how that could take place and then Congress could finish it up early next year.

Let's start by talking about how we might see people's behavior start changing and getting consumers back into the marketplace and businesses start making investment decisions. My own view is, if working families knew at the end of the year or early next year they would get real tax relief as we get underway with the tax legislation I have been part of with Senator COATS and Senator BEGICH and former Senator Gregg and if middle-class folks knew reduced tax rates were going to be in place not just for 1 year but for the long term, they would start making the kinds of decisions they are putting off now because they are uncertain today and they are going to be uncertain next year and the year after if we continue to make these changes in tax law by piecemeal.

My view is, if we saw permanent tax reform enacted early next year, we would see consumers making the kind

of purchases they have been postponing in major appliances, new cars, and the other investments they make when they know the economy is going to start picking up because millions of others are going to go back into the marketplace, just like themselves. When businesses see additional demand for their products, they will go out and start hiring more workers.

Let's talk for just a minute about how fundamental tax reform puts more money into the pockets of the middle class. Under the legislation I have been a part of, with two Republicans and Senator BEGICH, a typical couple making \$90,000 would pay close to \$5,000 less in taxes, according to estimates by the Congressional Budget Office.

The reason that is the case is our bipartisan tax reform triples the standard deduction for that middle-class couple. It triples the standard deduction. Let me emphasize it is permanent. I wish to say that again—permanent. It is not something that is going to be jerked away in 1 year. It is something that would be locked into the Tax Code on a permanent basis. Economists and others have repeatedly said, when we make those kinds of changes and typical families know on a permanent basis they will have more money in their pockets, they will go out and make the major purchases they have put off in West Virginia and Oregon over the last few years.

I have talked to folks at coffee shops and know the Presiding Officer spends a lot of time getting out and talking with folks in his state. When I go into coffee shops and I ask people, in particular, about why they are putting off major purchases—they talk about appliances and cars—they say: I don't know what is going to happen. I heard there was this tax break I was going to get for 1 year, and I don't know what is going to happen after that.

We need to make permanent changes in the tax law, give permanent tax relief to middle-class people, and then, based on everything we know about economics, people start changing their behavior. They are not going to do it in a big way without permanent and predictable changes, changes they can count on that will not be jerked away from them in another year or so.

The same principle goes for business. Once they know there is going to be a new tax system in place with reforms. By the way, virtually all the reform plans take the corporate rate today, which is now the second highest in the world, down to somewhere in the mid-twenties as a percentage. Senator COATS and I, with Senator BEGICH, are at 24 percent. The Bowles-Simpson proposal is a little bit higher, but everybody is pretty much in the same place. If we do that on a permanent basis, businesses will be able to start planning, and they will start planning immediately for the beneficial effects of consumers going back into the marketplace because of permanent changes in the individual Tax Code and because